

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5263-01  
Bill No.: SB 1037  
Subject: Energy; Natural Resources Dept.; Political Subdivisions; Taxation and Revenue - Property  
Type: Original  
Date: March 29, 2010

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Bill Summary: Allows the formation of Clean Energy Development Boards to finance energy projects.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## **FISCAL ANALYSIS**

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### ASSUMPTION

Officials from the **Department of Economic Development, Public Service Commission & Office of Public Counsel, State Tax Commission, Department of Insurance, Financial Institutions & Professional Registration, Department of Revenue, City of Centralia and St. Louis County** assume there is no fiscal impact to their agencies.

Officials from the **Department of Natural Resources (DNR)** assume under Section 67.2810 Clean Energy Development Boards would be required to file annual reports with the State Environmental Improvement and Energy Resources Authority (Authority) and the Authority may promulgate rules setting forth the content of the annual reports. As this proposal does not assign the Authority enforcement, review or other requirements beyond receiving the reports and determining the form of the report, Authority officials assumed that these duties could be assumed with existing staff. It is also assumed that existing space would be sufficient to house the reports; however, it is unknown how many boards would be created, thus space requirements are unknown as is the retention period required. It is assumed that reports would be maintained for at least 20 years which is the term of loans allowed under the act. It is assumed that legal fees would be incurred to promulgate rules, should they be needed. It is anticipated that legal fees would be in excess of \$10,000. No funding source is identified for these activities.

Under Section 260.036 the Authority would be required to establish a Property Assessed Clean Energy Local Finance Fund and, subject to availability of funds, make loans to clean energy development boards to establish and operate property assessed clean energy programs. The fiscal impact of these provisions requirements is unknown. It is not known whether funds would be available to provide such loans, how many loans would be made, the complexity of the issues involved in such loans, or the source of funds. Due to these factors it is also unknown the level of additional resources that would be needed to administer the program. Staff duties would include initial program development, loan origination including working with finance professionals on legal, credit and managerial reviews and management, as well as ongoing monitoring and loan servicing. Additionally, contract staff would be required for legal work, financial review and potentially underwriting services should bond be issued to fund the loans. The amount of these fees would vary depending upon the size and complexity of the program and funding mechanisms. These amounts could range from \$10,000 up to as much as \$500,000 per transaction. It is assumed that these activities could be funded through loan origination or other administrative fees charged to the borrowers; however a funding source was not identified in this proposal.

ASSUMPTION (continued)

The Authority is authorized, pursuant to 10 CSR 130-1.020, to collect application and issuance fees should it issue bonds to fund such loans. Application fees range from \$100 to \$2,500 depending upon the amount of bonds issued. Issuance fees have no established minimum or maximum, but are based upon issuance size. It is unknown whether bonds would be issued for this program and if issued, the amount of bonds that might be issued is also unknown. Therefore the amount of revenue generated, if any, could not be quantified.

Section 260.036 appears to place unnecessary restrictions on the Authority's ability to pledge the revenues received through a loan agreement with a clean energy development board for the payment of authority revenue bonds. These restrictions may limit the Authority's ability to issue bonds for the stated purpose of the act.

Officials at the **Office of the Secretary of State (SOS)** many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's Office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal not to Secretary of State's office for Administrative Rules is less than \$2,500. The Secretary of State's Office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a give year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

FISCAL IMPACT - State Government

FY 2011  
(10 Mo.)

FY 2012

FY 2013

\$0

\$0

\$0

FISCAL IMPACT - Local Government

FY 2011  
(10 Mo.)

FY 2012

FY 2013

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Unknown

FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development

Public Service Commission

Office of Public Counsel

State Tax Commission

Department of Insurance, Financial Institutions & Professional Registration

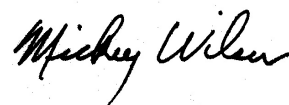
Department of Revenue

Secretary of State's Office

City of Centralia

St. Louis County

Department of Natural Resources



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